

HIGH MEADOWS-THE CARABETTA TEAM, AFFORDABLE RATE OPTION

825 Hartford Turnpike
Hamden, Connecticut 06517

MARKET STUDY

Date of Report: January 9, 2024



PREPARED FOR
Town of Hamden
625 Main Street
Hamden, CT 01036

PREPARED BY
COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES

LETTER OF TRANSMITTAL

COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES

100 Federal Street, 13th Floor
Boston, MA 02110 USA
MAIN 617 330 8000
FAX 617 330 8093
WEB www.colliers.com/valuationadvisory



January 9, 2024

Town of Hamden

625 Main Street
Hamden, CT 01036

**RE: High Meadows-The Carabetta Team,
Affordable Rate Option**

825 Hartford Turnpike
Hamden, Connecticut 06517

To Whom It May Concern::

The subject site is an irregularly-shaped parcel containing a gross site area of 2,190,632 SF (or 50.29-Acres) and is zoned R-4 – “Residential 4” by the Town of Hamden. The site is the former home of the High Meadows School and currently consists of eight buildings, a pool house, an in-ground pool, a cafeteria, a gymnasium, and a pavilion. The total gross building area of the existing buildings is approximately 65,000 SF. The site is laid out as a campus with interior roads connecting the parking areas and buildings.

There are two buildable areas of the site: the existing approximately 16 acres campus on the west side of the site and approximately 5 acres on the east side of the site. Most of the remaining area of the site is identified as wetlands by the CT DEEP (approximately 18 acres).

The Town of Hamden has solicited Development Proposals from several firms for the acquisition and development of the subject site through an RFP dated August 25, 2023. The subject property is in southeastern Hamden, approximately 2 miles from the Marketplace at Hamden, Hamden Mart, and Hamden Plaza.

The Carabetta Team “Carabetta” has submitted a letter of intent to build a 54-building apartment complex consisting of 243 apartment units. The project will consist of 27 innovative homes, 23 townhouse buildings, and 3 apartment buildings that will all be utilized as rentals. Additionally, there will be a 28,290 community building. The innovative homes are expected to be for seniors; however, the developer did not describe a specific age restraint. In its analysis, Carabetta modelled all the units to be affordable to households at 80% of AMI or below. In total, the project will consist of 287,430 SF of residential development.

The identified scope of work to be addressed in this report relates to the RFP Response provided by the above noted proponent, which analyzes the following key factors as identified by the client:

- 1) Identify the average construction cost for similar developments.
- 2) Make a statement regarding the financial feasibility of the property.
- 3) Find new construction apartments sales in the New Haven and Eastern Connecticut Area.

- 4) Provide an analysis regarding the amount of open space for the proposed development.
- 5) Make a statement regarding the property development schedule and zoning approach.

As the proposed projects outlined in the RFP Response are very preliminary, there are certain components which were limited or not provided which would allow us to provide more thorough and accurate guidance. These limited or not available items are listed below:

- The quality of finishes for the apartment units.
- Detailed outline of the amenity package
- The sizes of the apartment units.
- If the innovative homes and townhouse units will have garages (how many stalls) and if they will have basements.
- The developer did not specify how the affordable unit rents would be calculated.
- The developer did not specify how it intends to fund the development (sources and uses).
- The developer did not separate the costs between the townhouse, single family, and apartment component.

The signatures below indicate our assurance to the client that the development process and extent of analysis for this assignment adhere to the scope requirements and intended use of the analysis. If you have any specific questions or concerns regarding the attached report, or if Colliers International Valuation & Advisory Services can be of additional assistance, please contact the individuals listed below.

Sincerely,

**COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES**



Christopher Moore
Valuation Specialist
+1 401 529 5905
chris.moore@colliers.com



Chris Stickney, MAI
Managing Director | Boston
+1 617 330 8171
chris.stickney@colliers.com

LETTER OF TRANSMITTAL

PROPERTY AND ASSIGNMENT OVERVIEW

Executive Summary _____	1
Proposed Improvement Site Map _____	2
Aerial Photograph _____	3
Cost Analysis _____	4
Financial Feasibility _____	8
Sales _____	22
Sales Comparison Approach _____	22
Open Study _____	26
Development Schedule and Zoning Approach _____	29
Conclusion _____	32

CERTIFICATION

ASSUMPTIONS & LIMITING CONDITIONS

ADDENDA

- Valuation Glossary
- Qualifications of Appraisers
- Qualifications of Colliers International Valuation & Advisory Services

GENERAL INFORMATION

Property Name	High Meadows-The Carabetta Team, Affordable Rate Option
Property Type	Multifamily - Garden/Low Rise
Address	825 Hartford Turnpike
Town	Hamden
State	Connecticut
Zip Code	06517
County	New Haven
Core Based Statistical Area (CBSA)	New Haven-Milford, CT
Market	New Haven-Milford
Submarket	Waterbury/Meriden/Hamden
Longitude	-72.896786
Latitude	41.358636
Number Of Parcels	1
Census Tract Number	1651.00

SITE INFORMATION

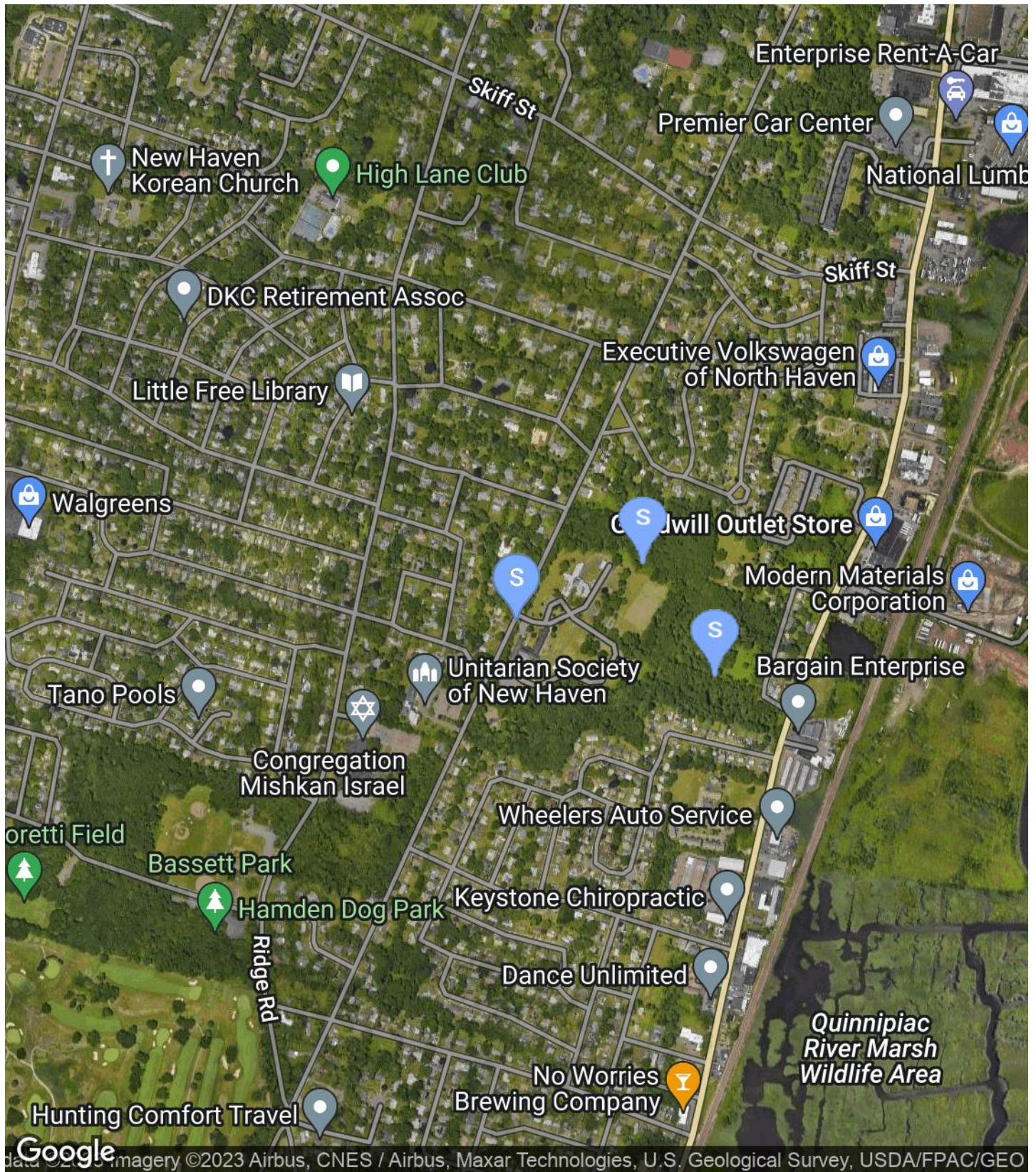
Land Area	Acres	Square Feet
Usable	32.29	1,406,552
Unusable	18.00	784,080
Excess	0.00	0
<u>Surplus</u>	<u>0.00</u>	<u>0</u>
Total	50.29	2,190,632
Topography	Sloping below street grade	
Shape	Irregular	
Current Zoning	Residential 4 (R-4)	
Flood Zone	Zone X (Unshaded)	
Seismic Zone	Low Risk	

IMPROVEMENT INFORMATION

Number Of Residential Units	243
Residential Building Area (SF)	287,430 SF
Community Building (SF)	<u>28,290 SF</u>
Gross Building Area SF (GBA)	315,720 SF
Number Of Apartment Buildings	53
Number Of Non-Residential Buildings	<u>1</u>
Total Number Of Buildings	54
Type Of Construction	Wood frame
Parking Type	Surface
Number Of Parking Spaces	428
Parking Spaces/Unit	1.8
Property Amenities	The subject's common amenities include open green space, pedestrian friendly walking trails, in-ground pools, a clubhouse, and playgrounds.

PROPOSED IMPROVEMENT SITE MAP





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1) COST ANALYSIS

In this analysis, we compare the costs of the proposed development against the cost of similar developments in the New England and Mid-Atlantic areas. Below are the total development costs of the proposed development. In this instance, the developer did not separate out the costs between the innovative homes, the townhouse buildings, and the single-family houses.

PROPOSED DEVELOPMENT BUDGET	
SF	287,430
UNITS	243
<hr/>	
HARD COSTS	COST
Demolition and Abatement	\$1,700,000
Construction	\$55,220,000
Building Permits	\$1,394,540
Contingency	\$2,915,727
TOTAL HARD COST	\$61,230,267
SOFT COSTS	
A&E	\$1,104,400
Environmental Testing & Reports	\$34,600
Legal & Title	\$156,720
Lender Costs & Financing Fees	\$799,731
Construction-Period Interest	\$1,599,462
Reserves & Escrow s	\$896,184
Insurance	\$124,416
Interim Taxes	\$78,000
TOTAL SOFT COST	\$4,793,513
SITE COSTS	
Site Acquisition	\$1,500,000
TOTAL COSTS/USES	\$67,523,780
TOTAL COST EXCLUSIVE OF LAND VALUE	\$66,023,780
TOTAL COST/UNIT	\$277,876
TOTAL COST/UNIT EXCLUSIVE OF LAND VALUE	\$271,703
TOTAL COST/SF	\$235
TOTAL COST/SF EXCLUSIVE OF LAND VALUE	\$230

APARTMENT COST COMPARABLES

Below are the cost comparables from the region.

GARDEN-STYLE APARTMENT HOUSING												
COMPARABLE #	1				2				3			
COST DATE	2022				2022				2022			
COUNTY/STATE	Fairfield, CT				Fairfield, CT				Nassau, NY			
SIZE SIZE (AC)	3.24				10.42				2.04			
# OF RESIDENTIAL UNITS	173				260				71			
TYPE	For Rent, Market and Affordable				For Rent, Market				For Rent, Affordable			
NRA	170,689				281,482				55,178			
GBA	222,169				363,728				69,346			
# OF STORIES	4				4				3			
# OF BUILDINGS	1				5				1			
AMENITIES	Fitness Center, Resident Lounge, Swimming Pool, Courtyard and Deck				BBQ/Picnic Area, Fitness Center, swimming pool, clubhouse, and resident storage				Surface Parking, Elevator			
# OF SURFACE SPACES	194				428				128			
# OF GARAGE SPACES	0				64				0			
# OF TOTAL SPACES	194				492				128			
COST ITEMS	COST	\$/UNIT	\$/SF of NRA	\$/SF of GBA	COST	\$/UNIT	\$/SF of NRA	\$/SF of GBA	COST	\$/UNIT	\$/SF of NRA	\$/SF of GBA
Land	\$12,150,000	\$70,231	\$71	\$55	\$13,600,000	\$52,308	\$48	\$37	\$3,827,500	\$53,908	\$69	\$55
Site/Foundation Work	\$6,800,000	\$39,306	\$40	\$31	\$6,602,705	\$25,395	\$23	\$18	Inc. Below	Inc. Below	Inc. Below	Inc. Below
Hard Costs	\$40,410,444	\$233,586	\$237	\$182	\$51,606,027	\$198,485	\$183	\$142	\$25,841,372	\$363,963	\$468	\$373
Soft Costs	\$7,220,074	\$41,735	\$42	\$32	\$5,561,998	\$21,392	\$20	\$15	\$6,746,579	\$95,022	\$122	\$97
Interest/Financing	\$1,969,482	\$11,384	\$12	\$9	\$4,320,000	\$16,615	\$15	\$12	\$2,223,556	\$31,318	\$40	\$32
Total Costs	\$68,550,000	\$396,243	\$402	\$309	\$81,690,730	\$314,195	\$290	\$225	\$38,639,007	\$544,211	\$700	\$557
Total Costs Exclusive of Land Cost	\$56,400,000	\$326,012	\$330	\$254	\$68,090,730	\$261,887	\$242	\$187	\$34,811,507	\$490,303	\$631	\$502

GARDEN-STYLE APARTMENT HOUSING

COMPARABLE #	4				5				2023			
COST DATE	2021				2023				2023			
COUNTY/STATE	Onandaga, NY				Niagara, NY				Worcester, MA			
SIZE SIZE (AC)	0.98				3.3				0.52			
# OF RESIDENTIAL UNITS	199				108				111			
TYPE	For Rent, Market				For Rent, Market				For Rent, Market			
NRA	126,581				115,023				76,001			
GBA	166,871				137,168				104,271			
# OF STORIES	4				4				6			
# OF BUILDINGS	1				1				1			
AMENITIES	Business Center, Common Laundry, Elevators, Fitness Center, Game Room				Clubhouse, Pool, Pickleball Courts, BBQ Grilling Stations, Fitness Center, Dog Park, Business Center,				Garage Parking, Ground Floor Commercial, and a Courtyard			
# OF SURFACE SPACES	0				0				62			
# OF GARAGE SPACES	42				150				0			
# OF TOTAL SPACES	42				150				62			
COST ITEMS	COST	\$/UNIT	\$/SF of NRA	\$/SF of GBA	COST	\$/UNIT	\$/SF of NRA	\$/SF of GBA	COST	\$/UNIT	\$/SF of NRA	\$/SF of GBA
Land	\$5,000,000	\$25,126	\$40	\$30	\$1,200,000	\$11,111	\$10	\$9	\$5,616,600	\$50,600	\$74	\$54
Site/Foundation Work	Inc. Below	Inc. Below	Inc. Below	Inc. Below	\$4,244,332	\$39,299	\$37	\$31	Inc. Below	Inc. Below	Inc. Below	Inc. Below
Hard Costs	\$41,640,120	\$209,247	\$329	\$250	\$17,729,777	\$164,165	\$154	\$129	\$32,156,085	\$289,694	\$423	\$308
Soft Costs	\$10,695,694	\$53,747	\$84	\$64	\$3,951,811	\$36,591	\$34	\$29	\$2,402,321	\$21,643	\$32	\$23
Interest/Financing	\$330,362	\$1,660	\$3	\$2	\$1,411,680	\$13,071	\$12	\$10	\$4,294,625	\$38,690	\$57	\$41
Total Costs	\$57,666,176	\$289,780	\$456	\$346	\$28,537,600	\$264,237	\$248	\$208	\$44,469,631	\$400,627	\$585	\$426
Total Costs Exclusive of Land Cost	\$52,666,176	\$264,654	\$416	\$316	\$27,337,600	\$253,126	\$238	\$199	\$38,853,031	\$350,027	\$511	\$373

SUMMARY OF COST COMPARABLES FOR APARTMENT COMPONENT

Below is a summary of the minimum, 1st quartile, median, mean, 3rd quartile and maximum cost per unit for the 6 cost comparables presented on the previous page.

SUMMARY OF CONSTRUCTION DATASET (PER UNIT BASIS)

COST ITEM	PER UNIT					
	MINIMUM	1ST QUARTILE	MEDIAN	MEAN	3RD QUARTILE	MAXIMUM
TOTAL COSTS INCLUSIVE OF LAND COSTS	\$264,237	\$295,884	\$355,219	\$368,216	\$399,531	\$544,211
TOTAL COSTS EXCLUSIVE OF LAND COSTS	\$253,126	\$262,579	\$295,333	\$324,335	\$344,023	\$490,303

The developer projected a cost for the apartment component of \$277,876 per unit inclusive of land costs and \$271,703 per unit exclusive of land costs. The developer's projected expenses are generally in line with the cost comparables on a cost per unit basis. The developer's projected cost per unit exclusive of land costs is slightly below the mean and median of the data. *It is noted that the developer did not separate the single-family, townhouse and apartment costs. A more detailed description and identification of the costs of the separate components (single-family, townhouse, and apartments) would allow for a more detailed analysis.*

SUMMARY OF CONSTRUCTION DATASET (PER SF OF GBA BASIS)

COST ITEM	PER SF OF GBA					
	MINIMUM	1ST QUARTILE	MEDIAN	MEAN	3RD QUARTILE	MAXIMUM
TOTAL COSTS INCLUSIVE OF LAND COSTS	\$208	\$246	\$327	\$345	\$406	\$557
TOTAL COSTS EXCLUSIVE OF LAND COSTS	\$187	\$213	\$285	\$305	\$358	\$502

The developer projected a cost for the apartment component of \$235 per SF of GBA inclusive of land costs and \$230 per SF of GBA exclusive of land costs. The developer's projected expenses are in line with the cost comparables on a cost per SF of GBA basis. The developer's projected cost exclusive of land costs is slightly below the mean and median of the data. *It is noted that the developer did not separate the single-family, townhouse and apartment costs. A more detailed description and identification of the costs of the separate components (single-family, townhouse, and apartments) would allow for a more detailed analysis.*

2) FINANCIAL FEASIBILITY

To test the financial feasibility of the project, we used the Income Approach, which is a common approach to valuation for income producing property. Below is the developer's cost schedule.

PROPOSED DEVELOPMENT BUDGET	
SF	287,430
UNITS	243
HARD COSTS	
Demolition and Abatement	\$1,700,000
Construction	\$55,220,000
Building Permits	\$1,394,540
Contingency	\$2,915,727
TOTAL HARD COST	\$61,230,267
SOFT COSTS	
A&E	\$1,104,400
Environmental Testing & Reports	\$34,600
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SITE COSTS	
Site Acquisition	\$1,500,000
TOTAL COSTS/USES	\$67,523,780
TOTAL COST EXCLUSIVE OF LAND VALUE	\$66,023,780
TOTAL COST/UNIT	\$277,876
TOTAL COST/UNIT EXCLUSIVE OF LAND VALUE	\$271,703
TOTAL COST/SF	\$235
TOTAL COST/SF EXCLUSIVE OF LAND VALUE	\$230

The following presentation of the appraisal process deals directly with the valuation of the subject property. The paragraphs below describe the standard approaches to value that were considered for this analysis.

DIRECT CAPITALIZATION-APARTMENT COMPONENT

The first step in the direct capitalization method is to estimate the subject’s durable rental income through reconciliation of the subject’s in-place lease terms and market rent analysis. Next, we analyze other income items including reimbursements and miscellaneous revenue. Then, vacancy allowance and operating expenses are estimated based on analysis of the subject and market indicators. Finally, the resulting net operating income is capitalized at an appropriate supported rate. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an as is value.

DEVELOPER’S PROJECTED RENTS

Below are the developer’s projections.

SUBJECT PROJECTED RENTS							
UNIT TYPE	UNIT SUMMARY			UNITS	UNIT %	ASKING RENT	
	OCC	VAC	TOT	PERCENT OF TOTAL	OCC-UPIED	PER UNIT	TOTAL \$/MO
2 Bed-Innovative Homes @ 80% of AMI	27	0	27	11.1%	100%	\$1,600	\$43,200
2 Bed-Tow nhomes @ 80% of AMI	56	0	56	23.0%	100%	\$2,200	\$123,200
3 Bed-Tow nhomes @ 80% of AMI	36	0	36	14.8%	100%	\$2,500	\$90,000
1 Bed Apartments @ 80% of AMI	62	0	62	25.5%	100%	\$2,100	\$130,200
2 Bed-Apartments @ 80% of AMI	62	0	62	25.5%	100%	\$2,300	\$142,600
TOTAL/AVG	243	0	243	100%	100.0%	\$2,178	\$529,200

In the developer’s analysis, the developer assumed that all the units would rent to households at 80% of AMI or less. The developer did not indicate how they calculated the rents. Further, the developer did not show how the development was going to be funded (sources and uses). In the proposal, the developer did indicate that they plan on using a combination of, “investment capital, mortgage financing, energy incentive funds and available rebates; federal and state programs that assist and encourage the development of market-rate housing with an affordable component, environmental cleanup, and neighborhood revitalization, and all other sources of funds available from time to time.”

In our analysis, we assumed that the maximum rents are based on the median income and rent limits in the New Haven-Meriden HUD Metro FMR Area. The developer looks to have calculated the maximum rents differently than our calculations. A more detailed description and identification of how the developer calculated rents would allow for a more detailed analysis.

LIHTC Rent Limits for 2023 (Based on 2023 MTSP/VLI Income Limits)								
Bedrooms (People)	Charts	60.00%	30.00%	50.00%	60.00%	80.00%	FMR	
Efficiency (1.0)	▲*	1,204	802	1,003	1,204	1,806	1,200	
1 Bedroom (1.5)	▲*	1,290	845	1,075	1,290	1,721	1,334	
2 Bedrooms (3.0)	▲*	1,549	774	1,291	1,549	2,086	1,629	
3 Bedrooms (4.5)	▲*	1,789	894	1,491	1,789	2,386	2,001	
4 Bedrooms (6.0)	▲*	1,996	998	1,683	1,996	2,682	2,258	
5 Bedrooms (7.5)	▲*	2,203	1,101	1,836	2,203	2,938		

In our analysis, we assume that the landlord pays utilities. It is more typical for landlords to pay some or all of the utilities in affordable developments in the area. To be consistent with the market and our expense comps (which also have landlords paying for some or all of the utilities), we assumed that landlord pay for utilities.

Subject Utility Structure

- › **Hot Water** - Included in the rent
- › **Cold Water** - Included in the rent
- › **Sewer** - Included in the rent
- › **Gas** - Included in the rent
- › **Electricity** - Included in the rent

MARKET RENT ANALYSIS

We've recently been involved in an affordable housing assignment in Connecticut and found that affordable rents were at or near the maximum rent levels. Additionally, there is notable demand for affordable housing. According to the Market Analysis completed by Camoin Associates in 2020, there has historically been demand for affordable housing. Based on their study, as of 2018, nearly 48% of renters in Hamden spent over 30% of their income in housing. Nearly 37% of homeowners in Hamden spend more than 30% of their income on housing. According to the report, the Town of Hamden can expect an influx of households aged 35 to 44, and 65+. As a result, the developer should expect the affordable rents to be at or near the maximum rent thresholds.

The following tables summarize the various indicators of market rent, and provide the market rent analysis and conclusions for the subject property. **For apartment units, the consideration of the size and corresponding price per SF is most typical. The proposed unit sizes for the subject's development were not made available to us as part of our analysis. We have assumed that the subject units would be of consistent size with the other units surveyed in the market. If it is found that the subject's proposed units differ significantly in size from the comparables presented, an adjustment to the concluded (market) rent would be warranted.**

1 BEDROOM UNIT CONCLUSION

SUBJECT ANALYSIS & CONCLUSIONS								
UNITS	VAC	UNIT TYPE	SIZE	ASKING RENT		CONCLUDED RENT		
				\$/UNIT	\$/SF	\$/UNIT	\$/SF	
62	62	1 Bed Apartments @ 80% of AMI		\$2,100		\$1,721		

2 BEDROOM UNIT CONCLUSION

SUBJECT ANALYSIS & CONCLUSIONS								
UNITS	VAC	UNIT TYPE	SIZE	ASKING RENT		CONCLUDED RENT		
				\$/UNIT	\$/SF	\$/UNIT	\$/SF	
27	27	2 Bed-Innovative Homes @ 80% of AMI		\$1,600		\$1,600		
56	56	2 Bed-Tow nhomes @ 80% of AMI		\$2,200		\$2,066		
62	62	2 Bed-Apartments @ 80% of AMI		\$2,300		\$2,066		

3 BEDROOM UNIT CONCLUSION

SUBJECT ANALYSIS & CONCLUSIONS								
UNITS	VAC	UNIT TYPE	SIZE	ASKING RENT		CONCLUDED RENT		
				\$/UNIT	\$/SF	\$/UNIT	\$/SF	
36	36	3 Bed-Tow nhomes @ 80% of AMI		\$2,500		\$2,386		

POTENTIAL RENTAL INCOME

The gross rental income equals the total gross income based the rent conclusions presented previously and is summarized in the following table.

APARTMENT POTENTIAL GROSS INCOME									
UNIT TYPE	UNITS	VAC	SF	ASKING RENT			CONCLUDED MARKET RENT		
				\$/UNIT (MO.)	MONTHLY	ANNUALLY	\$/UNIT (MO.)	MONTHLY	ANNUALLY
1 Bed Apartments @ 80% of AMI	62	62		\$2,100	\$130,200	\$1,562,400	\$1,721	\$106,702	\$1,280,424
2 Bed-Innovative Homes @ 80% of AMI	27	27		\$1,600	\$43,200	\$518,400	\$1,600	\$43,200	\$518,400
2 Bed-Townhomes @ 80% of AMI	56	56		\$2,200	\$123,200	\$1,478,400	\$2,066	\$115,696	\$1,388,352
2 Bed-Apartments @ 80% of AMI	62	62		\$2,300	\$142,600	\$1,711,200	\$2,066	\$128,092	\$1,537,104
3 Bed-Townhomes @ 80% of AMI	36	36		\$2,500	\$90,000	\$1,080,000	\$2,386	\$85,896	\$1,030,752
TOTAL	243			\$2,178	\$529,200	\$6,350,400	\$1,974	\$479,586	\$5,755,032

As mentioned previously, the developer did not indicate how they calculated the rents. Further, the developer did not show how the development was going to be funded (sources and use). In our analysis, we assumed that the maximum rents are based on the median income and rent limits in the New Haven-Meriden HUD Metro FMR Area. The developer looks to have calculated the maximum rents differently than our calculations. This resulted in a slight difference between our potential gross rent calculations and the developers.

INCOME & EXPENSE ANALYSIS

Operating expenses include those items necessary to maintain the subject property and generate income at the forecasted level. Expenses associated with debt financing, depreciation, or other accounting items are disregarded. The following section provides supporting information and discusses the individual expense conclusions for the subject property.

COLLIERS PROFORMA			
	COLLIERS FORECAST		
YEAR	PROFORMA		
INCOME ITEMS	TOTAL	\$/UNIT	%EGI
Potential Rental Income	\$5,755,032	\$23,683	103.9%
TOTAL RENTAL INCOME	\$5,755,032	\$23,683	103.9%
OTHER INCOME			
Other Income	\$72,900	\$300	1.3%
TOTAL OTHER INCOME	\$72,900	\$300	1.3%
POTENTIAL GROSS INCOME (PGI)	\$5,827,932	\$23,983	105.2%
Vacancy	(\$230,201)	(\$947)	(4.2%)
Credit Loss	(\$57,550)	(\$237)	(1.0%)
EFFECTIVE GROSS INCOME (EGI)	\$5,540,180	\$22,799	100.0%
EXPENSE ITEMS			
Real Estate Taxes	(\$1,706,965)	(\$7,025)	(30.8%)
Property Insurance	(\$243,000)	(\$1,000)	(4.4%)
Utilities	(\$486,000)	(\$2,000)	(8.8%)
Repairs & Maintenance	(\$388,800)	(\$1,600)	(7.0%)
Off-Site Management	(\$277,009)	(\$1,140)	(5.0%)
Payroll	(\$425,250)	(\$1,750)	(7.7%)
Advertising	(\$6,075)	(\$25)	(0.1%)
General & Administrative	(\$145,800)	(\$600)	(2.6%)
Reserves	(\$109,350)	(\$450)	(2.0%)
TOTAL EXPENSES	(\$3,788,249)	(\$15,590)	(68.4%)
NET OPERATING INCOME (NOI)	\$1,751,931	\$7,210	31.6%

Above is our operating income and expense conclusion. Below are the developer's projections.

DEVELOPER'S PROJECTIONS		
ITEM	\$/UNIT	AMOUNT
EFFECTIVE GROSS INCOME	\$24,631	\$5,985,333
OPERATING EXPENSES	- \$10,900	\$2,648,700
NET OPERATING INCOME	\$13,731	\$3,336,633

The main difference between our projections and the developer's projections is our operating expense estimate. We projected much higher operating expenses than the developer mainly due to an unusually high real estate tax amount. We calculated the real estate tax amount based on the instructions in the RFP. It is important to note that our expense comparables are affordable developments. If the developer plans on doing a market rate development, the expenses would be different than our projected expenses.

OTHER INCOME

In the following section, we analyzed and made conclusions for the other income items of the subject property.

OTHER INCOME ANALYSIS & CONCLUSIONS

OTHER INCOME				ANALYSIS
YEAR	SUBJECT			The other income concluded amount is based on the expense comparables' other income. Other income for the affordable component consists of items such as common area laundry, late charges, and damages and fees.
	TOTAL	\$/UNIT	%EGI	
DEVELOPER'S PROJECTIONS	\$0	-	0.0%	
CONCLUSION	\$72,900	\$300	1.3%	

Vacancy and Credit Loss

This category was discussed in depth in the market analysis section of this report. Please reference that discussion for a full analysis. Our conclusions are summarized in the table below:

GENERAL VACANCY CONCLUSION			
MPF	2023 Q3	LAST YR	AVG LAST 5
New Haven-Milford	4.7%	3.8%	3.7%
Waterbury/Meriden/Hamden	3.3%	3.5%	3.4%
GENERAL VACANCY RATE CONCLUSIONS			4.0%
INCOME LOSS			
General Vacancy Rate			4.0%
Credit Loss Conclusion			1.0%
TOTAL			5.0%

Analysis of Operating Expenses

Expenses are estimated based on one or more of the following sources: (1) historical or projected operation of the subject; (2) comparable expense properties; (3) published operating sources; or (4) individual suppliers. The expense comparables reflect varying accounting methods with respect to individual line items and reserves for replacement expenses. On a line-item basis, due to the variances in accounting and classification, their applicability is diminished. The following section provides supporting information and discusses the individual expense conclusions for the subject property.

EXPENSE COMPARABLES							
COMPARABLE	COMP 1	COMP 2	COMP 3	COMP 4	LOW	HIGH	AVG
City	Nassau	Cumberland	Oxford	Hampshire	-	-	-
State	NY	ME	ME	MA	-	-	-
Expense Year	2022	2023	2023	2022	2022	2023	2023
Actual/Budget	Budget	Actual	Budget	Actual	-	-	-
Units	71	104	33	15	15	104	56
Year Built	2024	1904-2016	2024	1900	1900	2024	1983
Rental Income	\$18,609	\$16,646	\$8,520	\$8,293	\$8,293	\$18,609	\$13,017
Other Income	\$141	\$543	\$120	\$72	\$72	\$543	\$219
Other Income % EGI	0.8%	3.2%	1.4%	0.9%	0.8%	3.2%	1.5%
EGI (\$/UNIT)	\$18,750	\$17,189	\$8,640	\$8,365	\$8,365	\$18,750	\$13,236
EXPENSE ITEMS	\$/UNIT	\$/UNIT	\$/UNIT	\$/UNIT	LOW	HIGH	AVG
Real Estate Taxes	\$1,557	\$1,397	\$950	\$626	\$626	\$1,557	\$1,133
Property Insurance	\$1,155	\$1,184	\$667	\$898	\$667	\$1,184	\$976
Utilities	\$1,014	\$1,476	\$1,629	\$2,090	\$1,014	\$2,090	\$1,552
Repairs & Maintenance	\$1,394	\$1,446	\$1,785	\$2,554	\$1,394	\$2,554	\$1,795
Off-Site Management	\$1,313	\$798	\$511	\$621	\$511	\$1,313	\$811
Payroll	\$1,988	\$2,174	\$874	\$1,192	\$874	\$2,174	\$1,557
Advertising	\$42	\$17	\$23	-	\$17	\$42	\$27
General & Administrative	\$498	\$826	\$298	\$328	\$298	\$826	\$488
Reserves	\$250	\$530	\$450	-	\$250	\$530	\$410
TOTAL EXPENSES (\$/UNIT)	\$9,211	\$9,848	\$7,187	\$8,309	\$7,187	\$9,848	\$8,639

Conclusion of Operating Expenses

In the following section we discuss the individual expense conclusions for the subject property.

EXPENSE ANALYSIS & CONCLUSIONS

REAL ESTATE TAXES				ANALYSIS	
YEAR	SUBJECT		EXPENSE COMPS		The concluded expense is all inclusive of costs associated with real estate taxes. The concluded taxes are based on the projected taxes. Please see the analysis below for an outline of the calculated taxes.
	TOTAL	\$/UNIT	%EGI	COMP \$/UNIT	
				1	\$1,557 8.3%
				2	\$1,397 8.1%
				3	\$950 11.0%
				4	\$626 7.5%
CONCLUSION	\$1,706,965	\$7,025	30.8%	AVG	\$1,133 8.7%

Below is our tax calculation. The tax calculations for the apartment component is based on the Town's instructions in Addendum 6 of the RFP. Per the instructions, we utilized a loaded cap rate of 8% in our analysis.

ESTIMATED STABILIZED TAXES	
EFFECTIVE GROSS INCOME	\$5,540,180
OPERATING EXPENSES BEFORE RE TAXES	<u>-\$2,081,284</u>
NOI BEFORE TAXES	\$3,458,896
CAP RATE	8.00%
PROJECTED MARKET VALUE	\$43,236,205
70% ADJUSTMENT	70%
PROJECTED ASSESSED VALUE	\$30,265,343
	5.64%
= Stabilized Taxes Estimate (rounded)	\$1,706,965
Stabilized Taxes Estimate (Per Unit)	\$7,025

UTILITIES							ANALYSIS
YEAR	SUBJECT			EXPENSE COMPS			
	TOTAL	\$/UNIT	%EGI	COMP	\$/UNIT	%EGI	
				1	\$1,014	5.4%	Utilities include gas, electricity, water, sewer, and trash removal. The conclusion is based on the expense comparable information.
				2	\$1,476	8.6%	
				3	\$1,629	18.9%	
				4	\$2,090	25.0%	
CONCLUSION	\$486,000	\$2,000	8.8%	AVG	\$1,552	14.5%	
REPAIRS & MAINTENANCE							ANALYSIS
YEAR	SUBJECT			EXPENSE COMPS			
	TOTAL	\$/UNIT	%EGI	COMP	\$/UNIT	%EGI	
				1	\$1,394	7.4%	This expense covers the cost of all routine maintenance and repairs. The conclusion is based on the expense comparable information.
				2	\$1,446	8.4%	
				3	\$1,785	20.7%	
				4	\$2,554	30.5%	
CONCLUSION	\$388,800	\$1,600	7.0%	AVG	\$1,795	16.8%	
OFF-SITE MANAGEMENT							ANALYSIS
YEAR	SUBJECT			EXPENSE COMPS			
	TOTAL	\$/UNIT	%EGI	COMP	\$/UNIT	%EGI	
				1	\$1,313	7.0%	This expense reflects the professional management service for the subject. The conclusion is based on the expense comparable information.
				2	\$798	4.6%	
				3	\$511	5.9%	
				4	\$621	7.4%	
CONCLUSION	\$277,009	\$1,140	5.0%	AVG	\$811	6.2%	
PAYROLL							ANALYSIS
YEAR	SUBJECT			EXPENSE COMPS			
	TOTAL	\$/UNIT	%EGI	COMP	\$/UNIT	%EGI	
				1	\$1,988	10.6%	This expense consists of all payroll and associated employee benefits related to the subject's personnel directly involved in the management and maintenance of the subject. The conclusion is based on the expense comparable information.
				2	\$2,174	12.6%	
				3	\$874	10.1%	
				4	\$1,192	14.2%	
CONCLUSION	\$425,250	\$1,750	7.7%	AVG	\$1,557	11.9%	
ADVERTISING							ANALYSIS
YEAR	SUBJECT			EXPENSE COMPS			
	TOTAL	\$/UNIT	%EGI	COMP	\$/UNIT	%EGI	
				1	\$42	0.2%	This expense includes marketing, advertising and promoting the subject property. The conclusion is based on the expense comparable information.
				2	\$17	0.1%	
				3	\$23	0.3%	
				4	-	-	
CONCLUSION	\$6,075	\$25	0.1%	AVG	\$27	0.2%	
GENERAL & ADMINISTRATIVE							ANALYSIS
YEAR	SUBJECT			EXPENSE COMPS			
	TOTAL	\$/UNIT	%EGI	COMP	\$/UNIT	%EGI	
				1	\$498	2.7%	This expense includes office supplies, accounting, legal fees, other professional fees, and all other administrative costs. The conclusion is based on the expense comparable information.
				2	\$826	4.8%	
				3	\$298	3.4%	
				4	\$328	3.9%	
CONCLUSION	\$145,800	\$600	2.6%	AVG	\$488	3.7%	

RESERVES						ANALYSIS
YEAR	SUBJECT			EXPENSE COMPS		Reserves for replacements are not typical cash expenditures, but rather the annualized cost of major expense in the future. The expense conclusion considers the subject's age and condition and typical standards. The conclusion is based on the expense comparable information.
	TOTAL	\$/UNIT	%EGI	COMP	\$/UNIT	
				1	\$250	1.3%
				2	\$530	3.1%
				3	\$450	5.2%
				4	-	-
CONCLUSION	\$109,350	\$450	2.0%	AVG	\$410	3.2%
TOTAL EXPENSES			LOW	HIGH		CONCLUSION
EXPENSE COMPARABLES \$/UNIT			\$7,187	\$9,848		The subject's projected taxes are higher than the expense comparables primarily due to higher taxes.
SUBJECT HISTORICAL %EGI			44.3%	44.3%		
EXPENSE COMPARABLES %EGI			49.1%	99.3%		
TOTAL EXPENSES \$/UNIT			\$15,590			
TOTAL EXPENSES %EGI			68.4%			
TOTAL EXPENSES			\$3,788,249			

DEVELOPMENT OF CAPITALIZATION RATE

The going-in capitalization rate, also known as overall rate (OAR), can be determined using several sources and methods. In developing our opinion of OAR, the following techniques were used:

- › Comparable Sales (Sales Comparison Approach)
- › Investor Surveys

Comparable Sales

The following table presents a summary of the comparable sales and the capitalization rates from each of those sales.

CAPITALIZATION RATE COMPARABLES (OAR)								
NAME	CITY	ST	SALE DATE	YR BLT	UNITS	\$/UNIT	SALE PRICE	CAP RATE
1 Northwood Apartments	Waterbury	CT	June 13, 2022	1968	178	\$103,525	\$18,427,500	4.46%
2 Overlook at Avalon	Frederick	MD	December 8, 2022	2016	113	\$212,566	\$24,020,000	6.59%
3 Courtyard Apartments	Saint Cloud	MN	August 14, 2023	1968	108	\$23,148	\$2,500,000	6.99%
4 Dry Ridge and Crittenden	Dry Ridge	KY	August 2, 2023	1997	47	\$38,298	\$1,800,000	7.63%
5 Rdige View	Martinsville	VA	August 14, 2022	2001	48	\$51,389	\$2,466,670	5.80%
LOW	June 2022							4.46%
HIGH	August 2023							7.63%
AVERAGE	January 2023							6.29%
MEDIAN	December 2022							6.59%

For this analysis, we have provided 5 sales, which range from 4.46% to 7.63%, with an average of 6.29% and a median of 6.59%.

Investor Surveys

The following table provides capitalization rate statistics as surveyed by investors that we considered to be relevant to the subject property and our independent market participant interviews.

CAPITALIZATION RATE SURVEYS (OAR)				
SOURCE	QUARTER	RANGE		AVG
PriceWaterhouse Coopers				
National Apartment Market	4Q 23	4.00%	to 8.00%	5.59%
Market Participant Interview				
Rcik Chozick, Chozick Realty	4Q 23	5.50%	to 6.50%	6.00%
AVERAGE		4.75%	to 7.25%	5.80%

Rick Chozick-President and CEO-Chozick Realty- Rick recently sold Pleasant View Estates in Griswold and indicated that the cap rate was around 6.00%. He indicated that a lot of borrowers were hesitant to go much

lower on the cap rate because that would create too much negative leverage. He indicated that a recent Fannie Mae interest rate quote he was given for a new construction project was in the low 6's.

Capitalization Rate Conclusion

Taking all factors into consideration, the following table summarizes the various capitalization rate indicators and provides the final capitalization rate conclusion.

CAPITALIZATION RATE CONCLUSION (OAR)			
SOURCE	QUARTER	RANGE	AVG
Supplemental Comparable Sales		4.46% to 7.63%	6.29%
Investor Surveys	4Q 23	4.75% to 7.25%	5.80%
Rick Chozick, Chozick Realty	4Q 23	5.50% to 6.50%	6.00%
AVERAGE		4.90% to 7.13%	6.03%
CAPITALIZATION CONCLUSION			6.00%

We took the following factors into consideration when reaching our capitalization rate conclusion.

- Recent sales reported capitalization rates ranging from 4.40% to 5.98% with an average of 5.18%.
- National investor surveys from PwC indicate a nation-wide average cap rate for apartments of 5.01% for 4Q 2023 sales, which is a 70 basis points increase from the prior year.
- It has been 40 years since the U.S. economy has experienced a dramatic rise in inflation and interest rates. Massive government monetary stimulus to combat negative financial effects of the pandemic resulted in an overstimulated economy fueling an unprecedented consumer spending spree and a resultant spike in inflation. Slowing the rise of inflation through targeted interest rate increases, which is now a significant policy priority for the current administration. Irrespective, tight monetary policy and rising interest rates are present through the first half of 2023 and it is unknown as to how Fed Funds Rate will be impacted for the balance of this year. Theoretically, rising interest rates place upward pressure on capitalization rates.

In this instance, we considered data from comparable property sales, investor surveys and market participants. In view of the available data, we emphasize the indications from the cited sale data with secondary support from the market participant. The investor surveys were considered for supplementary support but are generally reflective of a broad range of institutional quality sales and it is reasonable that an appropriate indication for the subject property is similar to the midpoint of the investor surveys.

The dilemma in developing a capitalization rate for an affordable housing property is the lack of directly comparable real market data for the specific property type. Affordable housing is not typically purchased for real estate alone and is influenced by a variety of subsidies and intangible benefits. Moreover, it does not have the typical ratio of debt and equity. Consequently, the capitalization analysis for such an investment is one based on the market data available and reasonable adjustments for the benefits and risks associated with the program.

Typically, cap rates are slightly higher for affordable housing properties than market rate developments. We increased the cap rate 25 basis points above our market rate cap rate of 5.75% and conclude at 6.00%.

DIRECT CAPITALIZATION

The table below summarizes the Direct Capitalization method and the Income Approach Value conclusion.

DIRECT CAPITALIZATION SUMMATION TABLE				
INCOME ITEMS	%PGI	%EGI	\$/UNIT	TOTAL
Potential Rental Income			\$23,683	\$5,755,032
TOTAL RENTAL INCOME			\$23,683	\$5,755,032
OTHER INCOME				
Other Income			\$300	\$72,900
TOTAL OTHER INCOME			\$300	\$72,900
POTENTIAL GROSS INCOME (PGI)			\$23,983	\$5,827,932
INCOME LOSS	%PGI		\$/UNIT	TOTAL
Vacancy	(4.0%)		(\$947)	(\$230,201)
Collection Loss	(1.0%)		(\$237)	(\$57,550)
TOTAL INCOME LOSS	(4.9%)		(\$1,184)	(\$287,752)
EFFECTIVE GROSS INCOME (EGI)	95.1%		\$22,799	\$5,540,180
EXPENSE ITEMS	%PGI	%EGI	\$/UNIT	TOTAL
Real Estate Taxes	(29.3%)	(30.8%)	(\$7,025)	(\$1,706,965)
Property Insurance	(4.2%)	(4.4%)	(\$1,000)	(\$243,000)
Utilities	(8.3%)	(8.8%)	(\$2,000)	(\$486,000)
Repairs & Maintenance	(6.7%)	(7.0%)	(\$1,600)	(\$388,800)
Off-Site Management	(4.8%)	(5.0%)	(\$1,140)	(\$277,009)
Payroll	(7.3%)	(7.7%)	(\$1,750)	(\$425,250)
Advertising	(0.1%)	(0.1%)	(\$25)	(\$6,075)
General & Administrative	(2.5%)	(2.6%)	(\$600)	(\$145,800)
Reserves	(1.9%)	(2.0%)	(\$450)	(\$109,350)
TOTAL EXPENSES	(65.0%)	(68.4%)	(\$15,590)	(\$3,788,249)
NET OPERATING INCOME (NOI)	30.1%	31.6%	\$7,210	\$1,751,931
Capitalization Rate				6.00%
Capitalized Value				\$29,198,850
INDICATED VALUE			\$120,165	\$29,200,000
Lease- Up Costs				
Rent Loss	(47.3%)	(49.7%)		(\$2,756,076)
Total Lease-Up Costs	(47.3%)	(49.7%)		(\$2,756,076)
Entrepreneurial Profit	(4.7%)	(5.0%)		(\$275,608)
TOTAL LEASE-UP COSTS	(52.0%)	(54.7%)		(\$3,031,684)
INDICATED VALUE			\$107,695	\$26,170,000
Development Costs Net of Land Costs	(1132.9%)	(1191.7%)		(\$66,023,780)
INDICATED VALUE			(\$164,033)	(\$39,860,000)

Rounded to nearest \$10,000

It is noted that the developer projected an NOI of \$3,336,633. Below are the developer's calculations.

DEVELOPER'S PROJECTIONS		
ITEM	\$/UNIT	AMOUNT
EFFECTIVE GROSS INCOME	\$24,631	\$5,985,333
OPERATING EXPENSES	- \$10,900	\$2,648,700
NET OPERATING INCOME	\$13,731	\$3,336,633

The main difference between our projections and the developer's projections is our operating expense estimate. We projected much higher operating expenses than the developer mainly due to an unusually high real estate tax amount. We calculated the real estate tax amount based on the instructions in the RFP. It is important to note that our expense comparables are affordable developments. If they developer plans on doing a market rate development, the expenses would be different than our projected expenses.

ADJUSTMENTS TO VALUE

Adjustments to the capitalized value were necessary for lease up costs and construction costs.

Lease-Up Analysis

Regarding lease-up costs, the subject property has a current occupancy of 0.0%, which is below our stabilized occupancy estimate of 95.0%. As such, lease-up costs associated with the subject achieving stabilization are warranted in arriving at the As-Is Market Value.

The following table shows the absorption costs for the subject, based on the rental conclusions of this report and current 100.0% vacancy rate. A 10.00% profit component is also included. We assumed that 20 of the units would prelease. Thereafter, 15 units per month would lease.

LEASE-UP ANALYSIS					
TOTAL UNITS	243	UNITS PRELEASED	20		
ABSORPTION RATE UNITS/MONTH	15	PGI/UNIT/MONTH	\$1,999		
STABILIZED OCCUPANCY (231 UNITS)	95.0%				
MONTH	UNITS ABSORBED	UNITS REMAINING	UNITS OCCUPIED	RENT LOSS (PER MONTH)	PRESENT VALUE OF RENT LOSS
1	15	196	35	\$391,727	\$391,727
2	15	181	50	\$361,747	\$361,747
3	15	166	65	\$331,768	\$331,768
4	15	151	80	\$301,789	\$301,789
5	15	136	95	\$271,810	\$271,810
6	15	121	110	\$241,831	\$241,831
7	15	106	125	\$211,852	\$211,852
8	15	91	140	\$181,873	\$181,873
9	15	76	155	\$151,894	\$151,894
10	15	61	170	\$121,915	\$121,915
11	15	46	185	\$91,936	\$91,936
12	15	31	200	\$61,957	\$61,957
13	15	16	215	\$31,978	\$31,978
14	15	1	230	\$1,999	\$1,999
15	1	0	231	\$0	\$0
TOTAL LOST RENTAL INCOME					\$2,756,076
PROFIT @ 10.0% of \$2,756,076					\$275,608
TOTAL LOST INCOME					\$3,030,000

Rounded to nearest \$10,000

ABSORPTION SUPPORT

Below is absorption support for the lease up.

ABSORPTION SUPPORT				
PROJECT	# OF UNITS	YEAR BUILT	LEASE UP PERIOD (MONTHS)	MONTHLY ABSORPTION
243 Residences at Steele Road	190	2017	14	13.2
Heirloom Flats I	215	2018	12	17.2
Highcoft Rise	96	2019	8	12
The Ridge at Talcott Mountain	304	2019	-	7.9
Highcroft Ridge	128	2017	8	15.2
Aspen Green	181	2019	23	7.7
SOURCE RCLCO				

CONSTRUCTION COSTS

Below are the construction costs for this development.

PROPOSED DEVELOPMENT BUDGET

SF	287,430	
UNITS	243	
<hr/>		
HARD COSTS		COST
Demolition and Abatement		\$1,700,000
Construction		\$55,220,000
Building Permits		\$1,394,540
Contingency		\$2,915,727
TOTAL HARD COST		\$61,230,267
SOFT COSTS		
A&E		\$1,104,400
Environmental Testing & Reports		\$34,600
Legal & Title		\$156,720
Lender Costs & Financing Fees		\$799,731
Construction-Period Interest		\$1,599,462
Reserves & Escrow s		\$896,184
Insurance		\$124,416
Interim Taxes		\$78,000
TOTAL SOFT COST		\$4,793,513
SITE COSTS		
Site Acquisition		\$1,500,000
TOTAL COSTS/USES		\$67,523,780
TOTAL COST EXCLUSIVE OF LAND VALUE		\$66,023,780
TOTAL COST/UNIT		\$277,876
TOTAL COST/UNIT EXCLUSIVE OF LAND VALUE		\$271,703
TOTAL COST/SF		\$235
TOTAL COST/SF EXCLUSIVE OF LAND VALUE		\$230

CONCLUSION-FINANCIAL FEASIBILITY

After deducting lease up costs and the construction costs from the stabilized value, the resulting residual land value is **(\$39,860,000)**. The indicated value means the project is not currently feasible. We note that the current high interest rates have put upwards pressure on capitalization rates, making many projects not feasible at this point in time. Also, the proposed taxes make up an unusually large portion of the operating expenses. Also, considering the large portion of affordable units, the developer may be seeking additional funding through affordable housing sources that would make the project feasible.

3) SALES

Below are sales of larger affordable properties in the region and in the US.

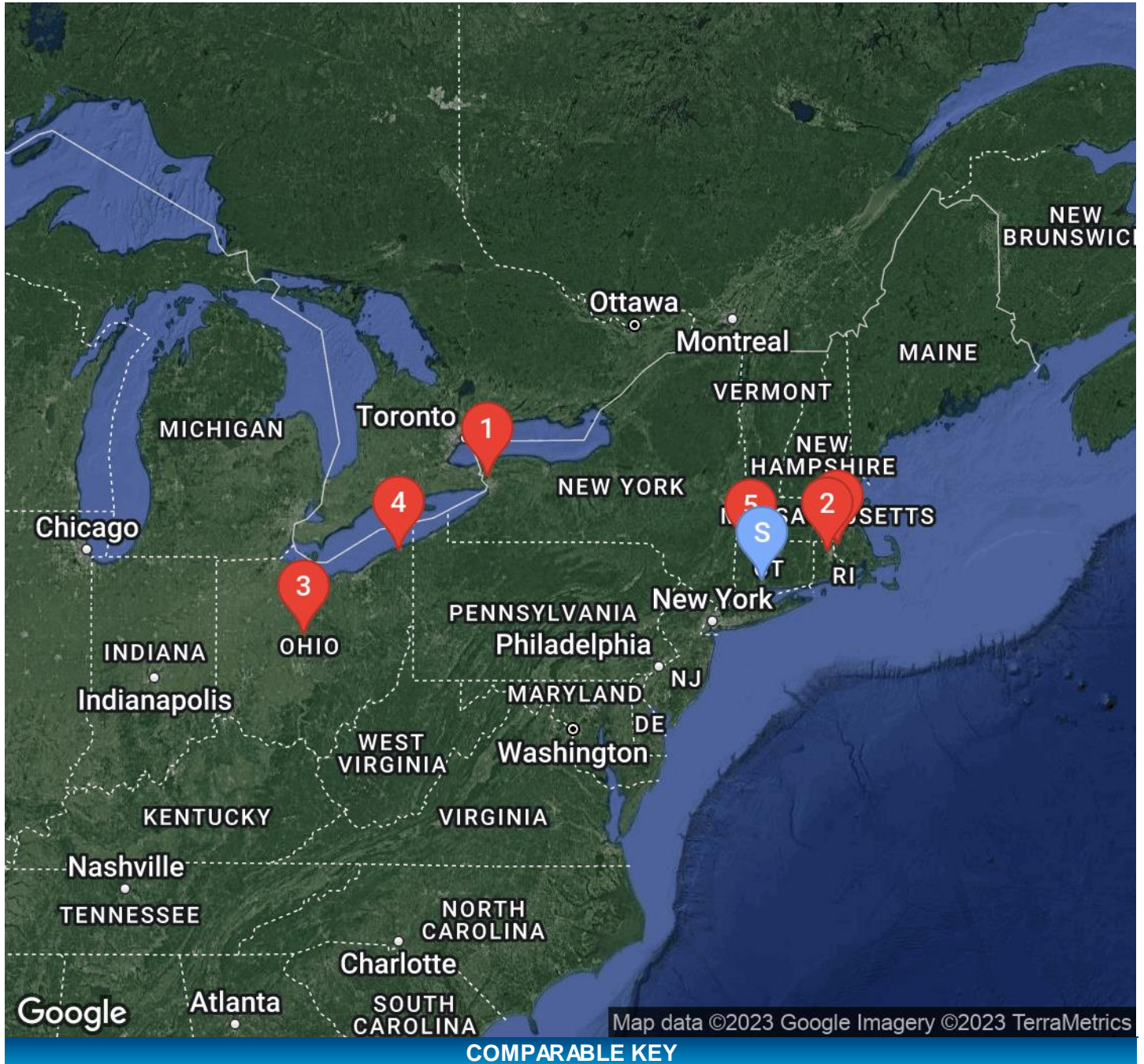
SALES APPROACH

Presentation

The following Sales Summation Table, Location Map and photographs summarize the improved sales data.

IMPROVED SALES SUMMATION TABLE							
COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6
Name	High Meadows - The Carabetta Team, Affordable Rate Option	Elizabeth Harvey Apartments	Riveredge Village Apartments	Morgan Glen Townhomes	Willowbrook I Senior Apts	Woodland Hills Apartments	Hillcrest Acres Apartments
Address	825 Hartford Turnpike	525 Oliver Street	993 Manton Avenue	400 Park St	2605 N Bend Rd	330 Highland Avenue	1101 Hillside Avenue
City	Hamden	North Tonawanda	Providence	Cardington	Ashtabula	Torrington	Attleboro
State	CT	NY	RI	OH	OH	CT	MA
Zip	06517	14120	02909	43315	44004	06790	02703
County	New Haven	Niagara	Providence	Morrow	Ashtabula	Litchfield	Bristol
PHYSICAL INFORMATION							
Project Design	Garden/Low Rise	Government Subsidized	LIHTC Tax Credit Housing	LIHTC Tax Credit Housing	LIHTC Tax Credit Housing	LIHTC Tax Credit Housing	LIHTC Tax Credit Housing
NRA (SF)	0	15,360	82,960	31,650	69,278	214,907	145,236
Units	243	24	99	32	80	176	100
Average Unit SF	0	640	837	989	865	1,045	858
Density	4.8	18.0	28.7	6.9	8.5	9.3	10.8
Land Area (AC)	50.3	1.3	3.4	4.6	9.4	18.9	9.3
Land Area (SF)	2,190,632	58,235	150,021	201,247	409,900	824,155	402,930
Year Built	-	2002	1980	1997	2000	1970	1974
UNIT MIX DETAILS							
Studio	0%	0%	0%	0%	0%	0%	0%
1 Bed	26%	83%	90%	0%	0%	14%	16%
2 Bed	60%	17%	10%	38%	99%	61%	72%
3+ Bed	15%	0%	0%	63%	1%	25%	12%
Average Unit (SF)	0	640	837	989	865	1,045	858
SALE INFORMATION							
Date		12/14/2022	4/28/2022	5/4/2021	4/21/2022	3/21/2022	9/19/2022
Status		Recorded	Recorded	Recorded	Recorded	Recorded	Recorded
Sale Conditions		Arms-Length	Arms-Length	Arms-Length	Arms-Length	Arms-Length	Arms-Length
Rights Transferred		Leased Fee	Leased Fee	Fee Simple	Fee Simple	Leased Fee	Leased Fee
Transaction Price		\$1,264,000	\$15,056,139	\$1,375,000	\$3,340,156	\$15,350,000	\$10,500,000
Transaction \$/Unit		\$52,667	\$152,082	\$42,969	\$41,752	\$87,216	\$105,000
Transaction \$/SF NRA		\$82	\$181	\$43	\$48	\$71	\$72
Analysis Price		\$1,264,000	\$15,056,139	\$1,375,000	\$3,340,156	\$15,350,000	\$10,500,000

SALES LOCATION MAP



COMP	DISTANCE	NAME	ADDRESS	SALE DATE	\$/UNIT
SUBJECT	-	High Meadows-The Carabetta Team, Affordable Rate Option	825 Hartford Turnpike, Hamden, CT	-	
No. 1	327.3 Miles	Elizabeth Harvey Apartments	525 Oliver Street, North Tonawanda, NY	12/14/2022	\$52,667
No. 2	80.7 Miles	Riveredge Village Apartments	993 Manton Avenue, Providence, RI	4/28/2022	\$152,082
No. 3	524.8 Miles	Morgan Glen Townhomes	400 Park St, Cardington, OH	5/4/2021	\$42,969
No. 4	410.6 Miles	Willowbrook I Senior Apts	2605 N Bend Rd, Ashtabula, OH	4/21/2022	\$41,752
No. 5	33.4 Miles	Woodland Hills Apartments	330 Highland Avenue, Torrington, CT	3/21/2022	\$87,216
No. 6	93.3 Miles	Hillcrest Acres Apartments	1101 Hillside Avenue, Attleboro, MA	9/19/2022	\$105,000

COMPARABLE SALES PHOTOGRAPHS



COMPARABLE 1



COMPARABLE 2



COMPARABLE 3



COMPARABLE 4



COMPARABLE 5



COMPARABLE 6

SALES ANALYSIS

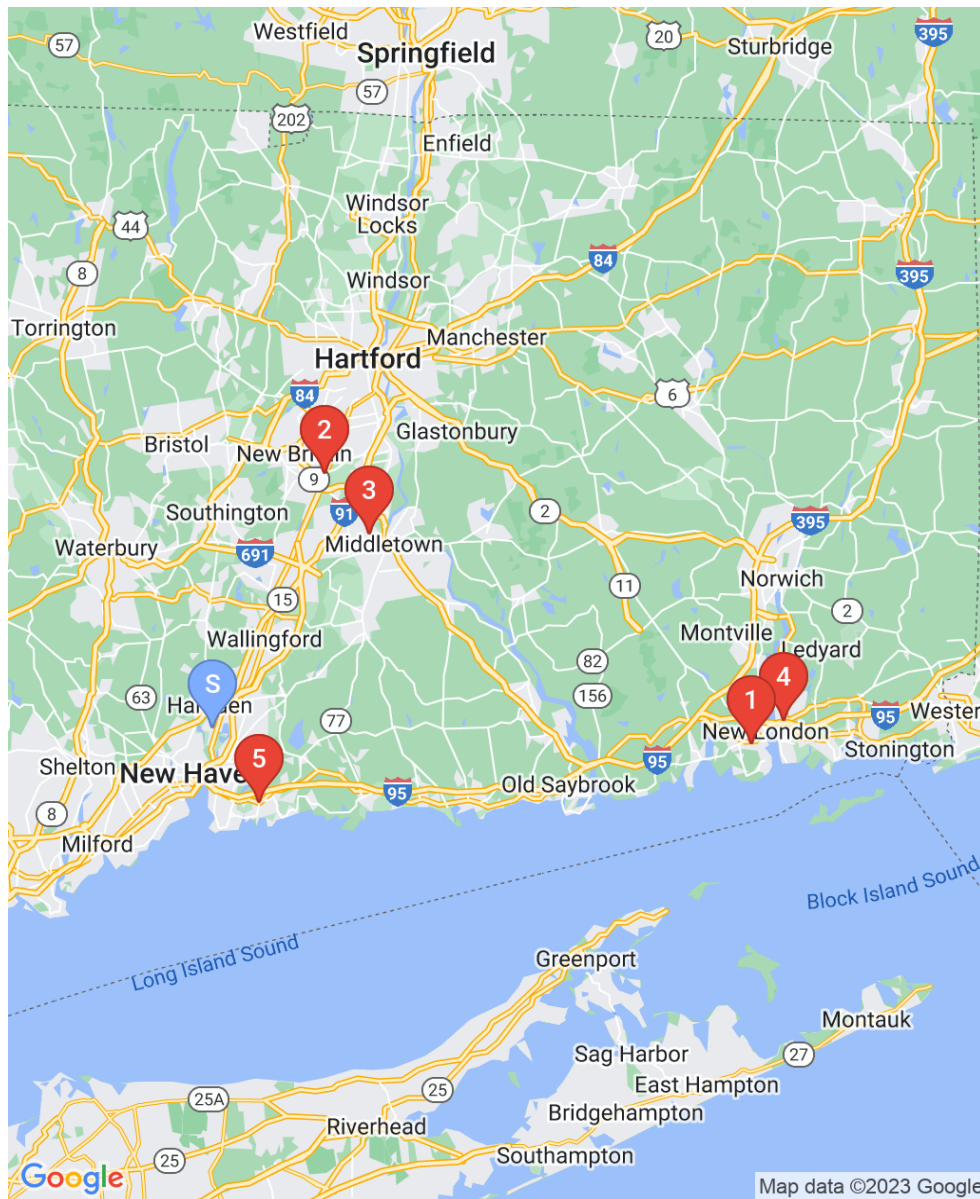
The following table summarizes the comparable sales' price per unit.

SALE PRICE PER UNIT INDICATIONS	
COMP	TRANSACTION PRICE
1	\$52,667
2	\$152,082
3	\$42,969
4	\$41,752
5	\$87,216
6	\$105,000
LOW	\$41,752
HIGH	\$152,082

The sales reflect and sale price per unit range from \$41,752 to \$152,082. It is noted that our indicated stabilized value for the apartment complex is \$120,165.

4) OPEN SPACE STUDY

As part of our analysis, we studied the typical amount of open space for large scale multifamily development. On this page is a map of the multifamily developments. On the next page is a description of 5 developments in the area and the amount of open space in each development.



MAP GUIDE

- # PROJECT**
- 1 Waterford Woods (Phase 2)
 - 2 Beach Hill Riverfront Apartments
 - 3 Springside Middletown
 - 4 Triton Square
 - 5 Kelson Row

AMOUNT OF RECREATIONAL/OPEN/GREEN SPACE IN LARGE-SCALE MULTIFAMILY DEVELOPMENTS

#	NAME OF PROJECT	ADDRESS	CITY/TOWN	STATE	# OF RESIDENTIAL UNITS	AMOUNT OF TOTAL SPACE	AMOUNT OF OPEN/RECREATIONAL/ GREEN SPACE	% OF OPEN/RECREATIONAL/ GREEN SPACE TO TOTAL SITE AREA	COMMENTS
1	Waterford Woods (Phase 2)	394 Willetts Avenue	Waterford	CT	313	27 Acres	11 Acres	41%	Waterford Woods, Phase 2 is one phase of a larger development that consists of 6 phases. Reportedly, about 2 acres is dedicated to recreational space and a separate 9-acres is dedicated to open space, equating to a total open/recreational space of 11 acres. It is noted that the developer gave up more open space than was required. The actual open space requirement by the Town is 20% of the total lot area, or 5.32 acres.
2	Beach Hill Riverfront Apartments	404 Berlin Turnpike	Berlin	CT	200	33 Acres	16 Acres	50%	Beachhill Riverfront Apartments is Phase 2 of a 4-Phase Development. The total acreage across all the 4 phases is approximately 33 acres. Phase 1 consists of a gasoline station, phase 2 is the apartment development, phase 3 is neighborhood retail, and phase 4 is a 100-room hotel. According to a representative at the town planning office, about 1/2 of the site was going to be used as open space. The part of the site that will be utilized as open space also features wetlands and utility easements.
3	Springside Middletown	494 Newfield Street	Middletown	CT	414	49 Acres	20 Acres	40%	Springside Middletown is a 414-unit apartment development on three adjacent sites in Middletown, CT. The developer provided 9.85 acres of usable open space, which is well above the reported amount required (6.69 acres). Additionally, there was about 10 acres of unusable wetland space on the site. In total, there was about 10+9.85=19.85 acres of open space.
4	Triton Square	55 Seely School Drive	Groton	CT	304	14 Acres	7 Acres	50%	Triton Square is a 304-unit apartment development on one site in Groton, CT. Based on conversations with the planning office, the town requires 100 SF/unit of recreation/community space. The developer offered 81,100 SF (1.86 acres) of recreation/community space. The site also had about 5 acres of unusable wetland/upland area. In total, there was about 7 acres of open space.
5	Kelson Row	1 Kelson Row	Rocky Hill	CT	213	12 Acres	4 Acres	34%	Kelson Row is a 213-unit apartment development on one site in Rocky Hill, CT. This site is the former Ames Headquarters. Based on conversations with the planning office, 34% of the total site size was open space with a pocket park, a meditation area, an open lawn area, and landscaped/planting areas.

OPEN SPACE STUDY CONCLUSION

The comparable properties indicate an open space to total site area percentage range of 34% to 50%, and average 43%. The developer proposes 30.17 acres remain open space out of 50.29 acres, equating to an open space to total site area percentage of 60.00%. The developer's projected open space is above the percentage of open space at the comparable properties.

5) DEVELOPMENT SCHEDULE AND ZONING APPROACH

A. DEVELOPMENT SCHEDULE

Below is the developer’s schedule.

The developer indicated that a single-phase project would take 18 months to complete. A multi-phase project can be accomplished in contiguous 14-month projects; however, the initial phase tends to take longer, and there may be some overlap of the successive phases which can save time.

Below are the typical construction timelines for apartment and townhouse developments. The information was gleaned from developer’s proformas and third parties.

CONSTRUCTION TIMELINES-APARTMENT BUILDINGS						
COMP #	COUNTY	STATE	TYPE	PROJECT SIZE (UNITS)	TYPE	CONSTRUCTION LENGTH OF TIME (MONTHS)
1	Hillsborough	NH	Market-Rate	250	Multifamily	24
2	Hartford	CT	Market-Rate	360	Multifamily	18 to 24
3	Fairfield	CT	Affordable	69	Multifamily	9 to 11
4	Hampshire	MA	Affordable	34	Multifamily	14 to 16
5	Middlesex	MA	Affordable	168	Multifamily	19 to 21
6	Cumberland	ME	Market-Rate	181	Multifamily	24
7	Suffolk	MA	Market-Rate	219	Multifamily	21
8	Norfolk	MA	Market-Rate	465	Multifamily	30
9	Worcester	MA	Market-Rate	268	Multifamily	24
10	Fairfield	CT	Market-Rate	173	Multifamily	19 to 21

CONSTRUCTION TIMELINES-TOWNHOUSE BUILDINGS						
COMP #	COUNTY	STATE	TYPE	PROJECT SIZE (UNITS)	TYPE	CONSTRUCTION LENGTH OF TIME (MONTHS)
1	York	ME	Market-Rate	12	Tow nhouse	9
2	Norfolk	MA	Market-Rate	8	Tow nhouse	14
3	Worcester	MA	Market-Rate	33	Tow nhouse	19
4	Worcester	MA	Market-Rate	16	Tow nhouse	8

CONCLUSION- DEVELOPER’S SCHEDULE

The developer expects to build the entire project in 18 months if it were constructed in 1 phase. This seems reasonable, albeit on the more aggressive end of the range timeline range.

The developer is expecting to build several phases of affordable housing. In the proposal, the developer did indicate that they plan on using a combination of, “investment capital, mortgage financing, energy incentive funds and available rebates; federal and state programs that assist and encourage the development of market-rate housing with an affordable component, environmental cleanup, and neighborhood revitalization, and all other sources of funds available from time to time.” The availability of capital may affect the timing of the development.

B. ZONING APPROACH

Below is an outline of the current zoning setback regulations.

ZONING SUMMARY	
Municipality Governing Zoning	Town of Hamden Planning & Zoning Department
Current Zoning	Residential 4 (R-4)
Permitted Uses	Some permitted uses within this zoning district include an accessory building, a truck garden, keeping of animals, keeping of hens, keeping falconry raptors, mentally ill adults, family day care home, roomers and boarders, single-family accessory dwelling unit, accessory dwelling unit (other), single-family, and student housing.
Current Use	School
Is Current Use Legally Permitted?	Yes
Zoning Change	Not Likely
Proposed Use	Multifamily and Townhouse/Single Family
Is Proposed Use Legally Permitted?	No

ZONING REQUIREMENTS	
Minimum Site Area (SF)	10,000 SF
Minimum Site Area/Dwelling Unit	1 Dwelling Unit Per 10,000 SF
Minimum Lot Width	80 Feet
Maximum Building Coverage	25%
Max. Total Impervious Surface	30%
Minimum Front Yard From Street Line	25 Feet
Minimum Front Yard From Centerline	50 Feet
Minimum Yard Setbacks	
Rear (Feet)	25 Feet
Side (Feet)	12 Feet
Subject Density (Units/Acre)	6.1
Maximum Building Height	35 Feet

SUBJECT PARKING REQUIREMENT			
FLOOR PLAN	UNITS	REQUIRED SPACES/UNIT	REQUIRED SPACES
2 Bed-Innovative Homes @ 80% of AMI	27	2.00	54
2 Bed-Townhomes @ 80% of AMI	56	2.00	112
3 Bed-Townhomes @ 80% of AMI	36	2.00	72
1 Bed Apartments @ 80% of AMI	62	1.50	93
2 Bed-Apartments @ 80% of AMI	62	2.00	124
Required Parking Spaces	243		455
Parking Spaces Provided			428

Source: Town of Hamden Planning & Zoning Department

Multifamily is allowed to use via a special permit. Because of the allowed use limitations and other regulations, the development would need permitting to be allowable.

REAL ESTATE TAX BENEFIT

One of the benefits to the Town of creating such a high density, affordable development is the amount of real estate taxes that are generated. In total, utilizing our calculations, the project is estimated to generate approximately \$1,706,965 per year.

TOTAL TAXES	
ITEM	ANNUAL PROJECTED TAXES
Apartment Taxes	\$1,706,965

POSSIBLE ISSUES RELATED TO THE DENSITY OF DEVELOPMENT

Below are some possible issues related to the high density of development.

- Many municipalities require traffic studies during the permitting process. It is recommended that a traffic study be conducted to understand if there will need to be additional public and private infrastructure upgrades.
- Many municipalities require an understanding of how the town and private utilities will be impacted by the additional units. Typically, a town will want an understanding of how the new development will affect the utilities before the permitting process is completed.
- Considering that 2- and 3-bedroom units encompass approximately 75% of the proposed apartment development, it would be helpful to understand the stresses that the existing school system and other public resources will encounter with an additional population.
- There will be a large amount of public open space on the site. It would be helpful to understand who will be liable for maintaining and providing security for the open space.

CONCLUSION

Below is a qualitative analysis of the subject property according to the community concerns outlined in the RFP. The RFP identifies 13 categories. The higher the development addresses the issue, the higher the score. If the developer obtains the highest score in a category (superior-high), then the developer scores 10 points in that category. If the developer obtains the lowest score in a category (inferior-high), then the developer scores 0 points in that category. An average score across all 13 categories is 5 Points X 13 Categories = 65 points.

COMMUNITY CONCERNS

	INFERIOR			TYPICAL MARKET			SUPERIOR			
	HIGH	MODERATE	SLIGHT	STANDARD MARKET			SLIGHT	MODERATE	HIGH	
				STANDARD	STANDARD	STANDARD				
PRESERVATION OF OPEN SPACE										
Retaining A Portion of the Site As Open Space and Preserving the Existing Wetland										X
Walking Trails and Paths as Part of the Development Open to the Public										X
Have an Open Space Plan										X
SUSTAINABILITY										
Consider Re-Use of Existing Buildings and Structures			X							
Highest Possible Level of Sustainability in the Design and Construction of the Improvements								X		
Develop LEED Standards with a minimum LEED Silver Standard or equivalent								X		
HOUSING USES										
55+ and Senior Housing Units for older Hamden Residents								X		
Support for the Development of Affordable Housing Units Beyond the 20% requirement imposed by the Town									X	
Development of family-size units to attract families to the Town									X	
Possibility of developing intergenerational housing opportunities								X		
OTHER NEIGHBORHOOD CONCERNS										
Concerns about the impact on the character of the neighborhood								X		
Impact New Development will have on traffic								X		
Pedestrian Safety								X		
TOTAL NUMBER OF ITEMS	0	0	1				3	4	2	3
TIMES CATEGORY SCORE	0	2	4				5	6	8	10
SUBTOTAL SCORE	0	0	4				15	24	16	30

SCORE OF COMMUNITY CONCERNS

SUBJECT SCORE	89
AVERAGE SCORE	65
PERCENTAGE ABOVE (BELOW) AVERAGE	37%

Overall, the developer addresses many of the community concerns including the preservation of open space, senior housing, having an affordability component, creating intergenerational opportunities, and including larger units (2- & 3-bedroom units) in the development. However, there are some drawbacks to the development. Since the development is 100% affordable, the project won't generate as much tax revenue as a market-rate development (that doesn't have tax abatements). Also, because the property 100% affordable, the ability to project the timing of the project will be difficult considering that the development will be reliant on state and federal resources. As mentioned in the RFP, the development will most likely have to be split into two phases due to funding-related issues. Lastly, the developer's construction timeline seems aggressive relative to projects of similar size.

Valuation Glossary

Qualifications of Appraisers

Qualifications of Colliers International Valuation & Advisory Services

Valuation Glossary 2023

Unless specified otherwise, these definitions were extracted from the following sources or publications:

The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, Chicago, Illinois, 2022 (Dictionary).

Uniform Standards of Professional Appraisal Practice, 2020-2023 Edition (USPAP).

The Appraisal of Real Estate, Fifteenth Edition, Appraisal Institute, Chicago, Illinois, 2020 (15th Edition).

Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. *(Dictionary)*

Ad Valorem Tax

A real estate tax based on the assessed value of the property, which is not necessarily equivalent to its market value. *(15th Edition)*

Arm's-length Transaction

A transaction between unrelated parties who are each acting in his or her own best interest. *(Dictionary)*

As-Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. *(Dictionary)*

Assessed Value

The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value. *(Dictionary)*

Average Daily Room Rate (ADR)

In the lodging industry, the net rooms revenue derived from the sale of guest rooms divided by the number of paid occupied rooms. *(Dictionary)*

Band of Investment

A technique in which the capitalization rates attributable to components of an investment are weighted and combined to derive a weighted-average rate attributable to the total investment. *(Dictionary)*

Cash-Equivalent Price

The sale price of a property that is equivalent to what a cash buyer would pay. *(Dictionary)*

Common Area

The total area within a property that is not designed for sale or rental but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities. *(Dictionary)*

Contract Rent

The actual rental income specified in a lease. *(15th Edition)*

Cost Approach

A set of procedures through which a value indication is derived for the fee simple estate by estimating the cost new as of the effective date of the appraisal to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive; deducting depreciation from the total cost; and adding the estimated land value. The contributory value of any site improvements that have not already been considered in the total cost can be added on a depreciated-cost basis. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property rights being appraised. *(Dictionary)*

Curable Functional Obsolescence

An element of depreciation; a curable defect caused by a flaw involving the structure, materials, or design, which can be practically and economically corrected. *(Dictionary)*

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service, which measures the relative ability of a property to meet its debt service out of net operating income; also called *debt service coverage ratio (DSCR)*. *(Dictionary)*

Deferred Maintenance

Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of a property. *(Dictionary)*

Depreciation

In appraisal, a loss in the value of improvements from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the value of the improvement on the same date. *(Dictionary)*

Direct Costs

Expenditures for the labor and materials used in the construction of improvements; also called *hard costs*. *(Dictionary)*

Discounted Cash Flow (DCF) Analysis

The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate. *(Dictionary)*

Discount Rate

A rate of return on capital used to convert future payments or receipts into present value. *(Dictionary)*

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider their best interests.
7. An adequate marketing effort will be made during the exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms. *(Dictionary)*

Easement

The right to use another's land for a stated purpose. Access or right-of-way easements may be acquired by private parties or public utilities. Governments may be the beneficiaries of easements placed on privately owned land that is dedicated to conservation, open space, or preservation. *(15th Edition)*

Economic Life

The period over which improvements to real estate contribute to property value. *(Dictionary)*

Effective Age

The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. *(Dictionary)*

Effective Date

The date on which the appraisal or review opinion applies (SVP) *(Dictionary)*

Effective Gross Income (EGI)

The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income. *(Dictionary)*

Effective Gross Income Multiplier (EGIM)

The ratio between the sale price (or value) of a property and its effective gross income. *(Dictionary)*

Effective Rent

The total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions - e.g. free rent, excessive tenant improvements, moving allowances, lease buyouts, cash allowances, and other lease incentives. *(15th Edition)*

Eminent Domain

The right of government to take private property for public use upon the payment of just compensation. The Fifth Amendment of the U.S. Constitution, also known as the *takings clause*, guarantees payment of just compensation upon appropriation of private property. *(Dictionary)*

Entrepreneurial Incentive

The amount an entrepreneur expects or wants to receive as compensation for providing coordination and expertise and assuming the risks associated with the development of a project. Entrepreneurial incentive is the expectation of future reward as opposed to the profit actually earned on the project. *(Dictionary)*

Entrepreneurial Profit

A market-derived figure that represents the amount an entrepreneur received for his or her contribution to a past project to compensate for his or her time, effort, knowledge, and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses. *(Dictionary)*

Excess Land

Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. *(Dictionary)*

Excess Rent

The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the lessor and may reflect superior management, a lease execution in an earlier, stronger rental market, or an agreement of the parties. Due to the higher risk inherent in the receipt of excess rent, it may be calculated separately and capitalized or discounted at a higher rate in the income capitalization approach. *(15th Edition)*

Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying any operating expenses above a stated level or amount. *(Dictionary)*

Exposure Time

An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. *(USPAP)*

Extraordinary Assumption

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis. An extraordinary assumption may be used in an assignment only if:

- It is required to properly develop credible opinions and conclusions;
- The appraiser has a reasonable basis for the extraordinary assumption;
- Use of the extraordinary assumption results in a credible analysis; and
- The appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions. *(USPAP)*

External Obsolescence

A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be either temporary or permanent. There are two forms of external obsolescence: economic and locational. *(Dictionary)*

Fair Market Value

In nontechnical usage, a term that is equivalent to the contemporary usage of *market value*.

As used in condemnation, litigation, income tax, and property tax situations, a term that is similar in concept to market value but may be defined explicitly by the relevant agency or interpreted differently by court precedent. *(Dictionary)*

Feasibility Analysis

A study of the cost-benefit relationship of an economic endeavor. *(USPAP)*

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat. *(Dictionary)*

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area. *(Dictionary)*

Functional Obsolescence

The impairment of functional capacity of improvements according to market tastes and standards. *(Dictionary)*

Functional Utility

The ability of a property or building to be useful and to perform the function for which it is intended according to current market tastes and standards; the efficiency of a building's use in terms of architectural style, design and layout, traffic patterns, and the size and type of rooms. *(Dictionary)*

Furniture, Fixtures, and Equipment (FF&E)

Business trade fixtures and personal property, exclusive of inventory. *(Dictionary)*

Going-concern

An established and operating business having an indefinite future life. *(Dictionary)*

Going-concern Value

An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going concern* or *market value of the total assets of the business*. *(Dictionary)*

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. *(Dictionary)*

Gross Leasable Area (GLA)

Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces. *(Dictionary)*

Gross Living Area (GLA)

Total area of finished, above-grade residential space area; calculated by measuring the outside perimeter of the structure and includes only finished, habitable, above-grade living space. (Finished basements and attic areas are not generally included in total gross living area. Local practices, however, may differ.) *(Dictionary)*

Highest & Best Use

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid (IVS). *(Dictionary)*

Hypothetical Condition

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. *(USPAP)*

Income Capitalization Approach

In the income capitalization approach, an appraiser analyzes a property's capacity to generate future benefits and capitalizes the income into an indication of present value. The principle of anticipation is fundamental to this approach. Techniques and procedures from this approach are used to analyze comparable sales data and to measure obsolescence in the cost approach. *(15th Edition)*

Incurable Functional Obsolescence

An element of depreciation; a defect caused by a deficiency or superadequacy involving the structure, materials, or design that cannot be practically or economically corrected as of the effective date of the appraisal. *(Dictionary)*

Indirect Costs

Expenditures or allowances for items other than labor and materials that are necessary for construction, but are not typically part of the construction contract. Indirect costs may include administrative costs, professional fees, financing

costs and the interest paid on construction loans, taxes and the builder's or developer's all-risk insurance during construction, and marketing, sales, and lease-up costs incurred to achieve occupancy or sale. Also called *soft costs*. *(Dictionary)*

Interim Use

The use contemplated by the market participants that the subject real estate can be put to while waiting for certain subsequent factors to occur. *(Dictionary)*

Investment Value

The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. *(Dictionary)*

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversion right when the lease expires. *(Dictionary)*

Leasehold Estate

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. *(Dictionary)*

Legal Nonconforming Use

A use that was lawfully established and maintained, but no longer conforms to the use regulations of its current zoning; sometimes known as a legally nonconforming use. *(Dictionary)*

Liquidation Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms. *(Dictionary)*

Market Area

The geographic region from which a majority of demand comes and in which the majority of competition is located. Depending on the market, a market area may be further subdivided into components such as primary, secondary, and tertiary market areas, or the competitive market area may be distinguished from the general market area. *(Dictionary)*

Market Rent

The most probable rent that a property should bring in a competitive and open market under all conditions requisite to a fair lease transaction, the lessee and lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus. *(Dictionary)*

Market Study

An analysis of the market conditions of supply, demand, and pricing for a specific property type in a specific area. *(Dictionary)*

Market Value (Most Common Non-FRT)

The most probable price, as of a specific date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue distress. *(Dictionary)*

Market Value (Interagency Guidelines)

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Interagency Appraisal and Evaluation Guidelines, Federal Register, December 10, 2010.

Marketability Analysis

The study of how a specific property is expected to perform in a specific market. A marketability analysis expands on a market analysis by addressing a specific property. *(Dictionary)*

Neighborhood Analysis

The objective analysis of observable or quantifiable data indicating discernible patterns of urban growth, structure, and change that may detract from or enhance property values; focuses on four sets of considerations that influence value: social, economic, governmental, and environmental factors. *(Dictionary)*

Net Net Net Lease

An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management. Also called *NNN lease, triple net lease, or fully net lease*. *(Dictionary)*

Net Operating Income (NOI)

The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. Note: This definition mirrors the convention used in corporate finance and business valuation for EBITDA (earnings before interest, taxes, depreciation, and amortization). *(15th Edition)*

Obsolescence

One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external. *(Dictionary)*

Off-site Costs

Costs incurred in the development of a project excluding on-site costs such as grading and construction of the building and other improvements; also called *common costs* or *off-site improvement costs*. *(Dictionary)*

On-site Costs

Costs incurred for the actual construction of buildings and improvements on a particular site. *(Dictionary)*

Overage Rent

The percentage rent paid over and above the guaranteed minimum rent or base rent; calculated as a percentage of sales in excess of a specified breakeven sales volume. *(15th Edition)*

Overall Capitalization Rate (OAR)

The relationship between a single year's net operating income expectancy and the total property price or value. *(Dictionary)*

Parking Ratio

The ratio of parking area or parking spaces to an economic or physical unit of comparison. Minimum required parking ratios for various land uses are often stated in zoning ordinances. *(Dictionary)*

Potential Gross Income (PGI)

The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. *(Dictionary)*

Potential Gross Income Multiplier (PGIM)

The ratio between the sale price (or value) of a property and its annual potential gross income. *(Dictionary)*

Present Value (PV)

The value of a future payment or series of future payments discounted to the current date or to time period zero. *(Dictionary)*

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not achieved sellout or a stabilized level of long-term occupancy. *(Dictionary)*

Qualitative Adjustment

An indication that one property is superior, inferior, or similar to another property. Note that the common usage of the term is a misnomer in that an adjustment to the sale price of a comparable property is not made. Rather, the indication of a property's superiority or inferiority to another is used in relative comparison analysis, bracketing, and other forms of qualitative analysis. *(Dictionary)*

Quantitative Adjustment

In the application of the sales comparison and income capitalization approaches, a numerical (dollar or percentage) adjustment to the sale price, rent, or expense amount of a comparable property to account for the effect on value of a difference between each comparable property and the subject property. *(Dictionary)*

Rentable Area

The amount of space on which the rent is based; calculated according to local practice. *(Dictionary)*

Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. *(Dictionary)*

Replacement Cost for Insurance Purposes

The estimated cost, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design and layout for insurance coverage purposes guaranteeing that damaged property is replaced with a new property (i.e., depreciation is not deducted). *(Dictionary)*

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same or similar materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building. *(Dictionary)*

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." *(Dictionary)*

Sales Comparison Approach

The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered vacant when an adequate supply of comparable sales is available. *(Dictionary)*

Scope of Work

The type and extent of research and analysis in an appraisal or appraisal review assignment. Scope of work includes, but is not limited to:

The extent to which the property is identified;

The extent to which tangible property is inspected;

The type and extent of data researched; and

The type and extent of analysis applied to arrive at opinions or conclusions. *(USPAP)*

Shopping Center Types

Neighborhood Shopping Center: The smallest type of shopping center, generally with a gross leasable area of between 30,000 and 100,000 square feet. Typical anchors include supermarkets. Neighborhood shopping centers offer convenience goods and personal services and usually depend on a market population support of 3,000 to 40,000 people.

Community Shopping Center: A shopping center of 100,000 to 400,000 square feet that usually contains one junior department store, a variety store, discount or department store. A community shopping center generally has between 20 and 70 retail tenants and a market population support of 40,000 to 150,000 people.

Regional Shopping Center: A shopping center of 300,000 to 900,000 square feet that is built around one or two full-line department stores of approximately 200,000 square feet each plus small tenant spaces. This type of center is typically supported by a minimum population of 150,000 people.

Super-Regional Center: A large center of 600,000 to 2.0 million square feet anchored by three or more full-line department stores. This type of center is typically supported by a population area of 300,000 people. *(15th Edition)*

Sum of the Retail Values

The sum of the separate and distinct market value opinions for each of the units in a condominium; subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as sold together in a single transaction; it is simply the total of the individual market value conclusions. An appraisal has an effective date, but summing the sales prices of multiple units over an extended period of time will not be the value on that one day unless the prices are discounted to make the value equivalent to what another developer or investor would pay for the bulk purchase of the units. Also called the *aggregate of the retail values* or *aggregate retail selling price*. *(Dictionary)*

Superadequacy

An excess in the capacity or quality of a structure or structural component; determined by market standards. *(Dictionary)*

Surplus Land

Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. *(Dictionary)*

Tenant Improvements (TIs)

1. Fixed improvements to the land or structures installed for use by a lessee.
2. The original installation of finished tenant space in a construction project; subject to periodic change for succeeding tenants. *(Dictionary)*

Usable Area

The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas. *(Dictionary)*

Useful Life

The period of time over which a structure or a component of a property may reasonably be expected to perform the function for which it was designed. *(Dictionary)*

Vacancy and Collection Loss

A deduction from potential gross income (*PGI*) made to reflect income deductions due to vacancies, tenant turnover, and nonpayment of rent; also called *vacancy and credit loss* or *vacancy and contingency loss*. *(Dictionary)*

Yield Capitalization

A method used to convert future benefits into present value by (1) discounting each future benefit at an appropriate yield rate, or (2) developing an overall rate that explicitly reflects the investment's income pattern, holding period, value change, and yield rate. *(Dictionary)*



Christopher Moore, MBA, CGA

Valuation Specialist
Valuation & Advisory Services

chris.moore@colliers.com
Mobile: 1 401 529 5905
Fax: +1 617 330 8129
colliers.com

100 Federal Street
33rd Floor
Boston, MA 02110
United States

Education or Qualifications

Plymouth State University, BA
History

Bryant University, MBA
Business Analytics

State Certifications

Massachusetts
New Hampshire

Area of Expertise

Christopher Moore is a Valuation Specialist in the Boston office of Colliers Valuation & Advisory Services. He has been actively engaged in the appraisal profession since 2011. Mr. Moore began his appraisal career at Peter Scotti and Associates and worked as an appraiser at CBRE New England and Newmark Knight Frank.

Mr. Moore's appraisal experience includes appraising both residential and commercial properties. Recent assignments include a variety of assignments in Massachusetts, Rhode Island, Maine, and New Hampshire. Property types appraised include single family properties, residential condominiums, apartment properties, residential subdivisions, affordable housing, vacant land, office properties, retail properties, special use properties, industrial properties, schools, day cares, net lease properties, and solar panels.

Affiliations or Memberships

Practicing Affiliate for Appraisal Institute.

Professional Background

Peter Scotti & Associates-Appraiser
CBRE- Appraiser
Newmark-Appraiser

Appraisal Courses

- 15 Hour National USPAP
- Basic Appraisal Principles
- Basic Appraisal Procedures
- General Appraiser Site Valuation and Cost Approach
- General Appraiser Sales Comparison Approach
- General Appraiser Report Writing and Case Studies
- Statistics Modeling and Finance
- General Appraiser Income Approach 1 & 2
- Residential Market Analysis and Highest & Best Use
- Residential Appraiser Site Valuation and Cost Approach
- Residential Sales Comparison and Income Approach
- Residential Report Writing and Case Studies
- Advanced Residential Applications and Case Studies



Chris Stickney, MAI

Managing Director | Boston
Hospitality Practice Group Leader
Valuation & Advisory Services

chris.stickney@colliers.com
Direct: +1 617 330 8171
Mobile: +1 774 245 7565
colliers.com

100 Federal Street
33rd Floor
Boston, MA 02110
United States

Education or Qualifications

University of Phoenix

Master of Business
Administration

Springfield College

Bachelor of Science

State Certifications

Connecticut New York

Maine Pennsylvania

Maryland Rhode Island

Massachusetts Vermont

New Hampshire Virginia

New Jersey Washington DC

Area of Expertise

Chris Stickney serves as the Managing Director of Colliers' Boston Office which provides valuation and advisory services throughout New England. He also serves as the National Practice Leader of the Company's Hospitality Valuation Group. Prior to joining Colliers in 2016, he worked for the Boston office of Joseph J. Blake & Associates, and Petersen LaChance Regan Pino, LLC where he began his career as an appraiser in 2013.

Affiliations or Memberships

Designated Member – Appraisal Institute
Board of Directors and Treasurer –
Massachusetts, Rhode Island, and Maine
Chapter of the Appraisal Institute

Professional Background

Mr. Stickney's appraisal experience includes properties of all types and varying levels of complexity from single-tenant buildings to multi-billion dollar mixed-use assets. He is experienced in the valuation of core property types including multifamily, retail, office, and industrial uses. His experience also includes specialized assets: hotels, life science, college / university campuses, schools, ski resorts, marinas, golf courses, large tract developments, and portfolio valuations.

Mr. Stickney has completed appraisal assignments throughout all of New England, Delaware, New Jersey, New York, Pennsylvania, Virginia, California, and Washington D.C.

The Colliers logo is a blue rounded rectangle with the word "Colliers" in white serif font. Below the text are three horizontal stripes: yellow, red, and blue.

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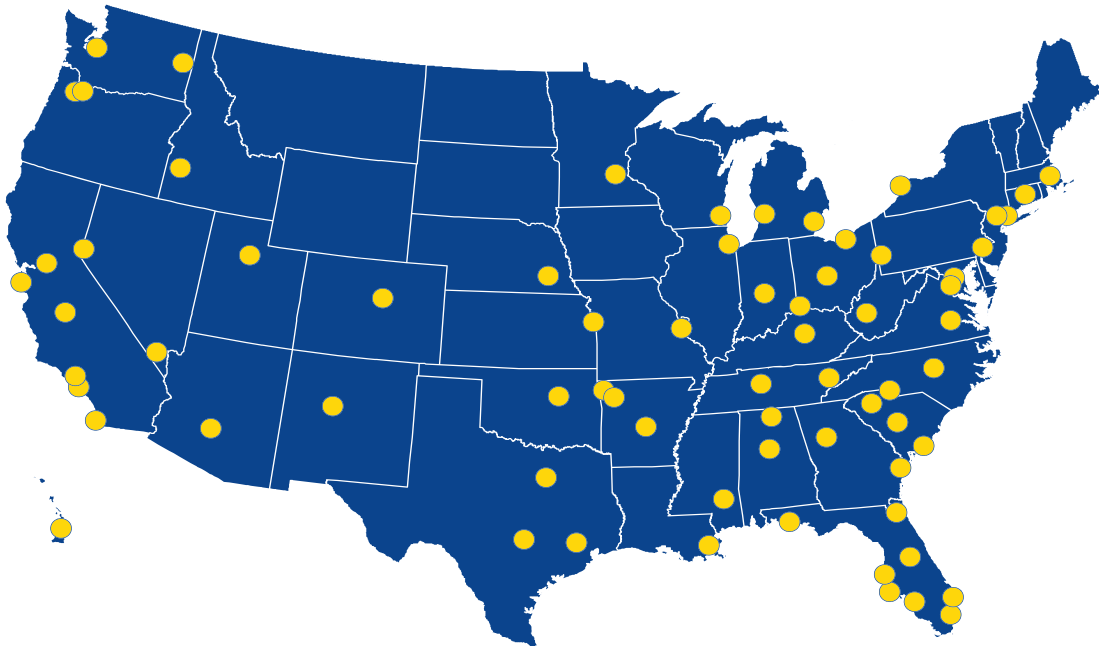
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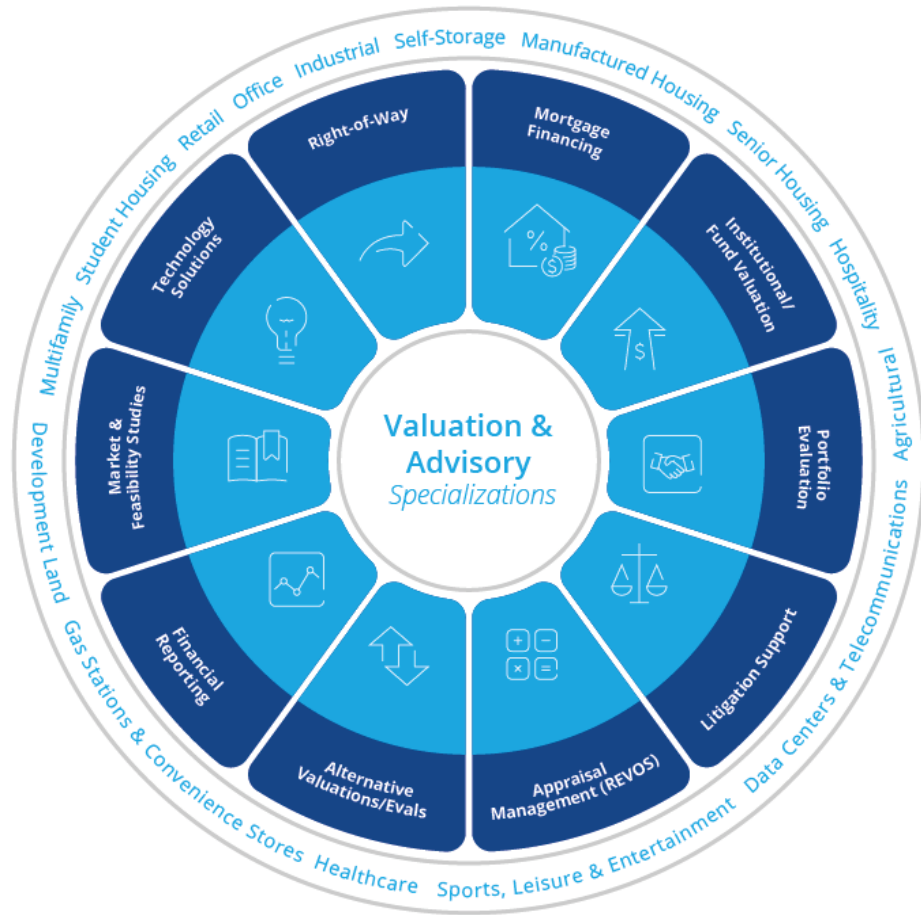
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companies.



Valuation & Advisory Services National Leadership

Jeremy Walling, MAI, MRICS

President | US
Valuation & Advisory Services
Jeremy.Walling@colliers.com
+1 312 371 4920

Jeff Shouse, MAI, CRE

Executive Vice President
Western US
Jeff.Shouse@colliers.com
+1 916 724 5531

Bruce Nell, MAI, AI-GRS, MRICS

Executive Managing Director
Advisory Services
Bruce.Nell@colliers.com
+1 614 437 4687

PJ Cusmano, MAI, MRICS

Executive Vice President
Eastern US
PJ.Cusmano@colliers.com
+1 813 229 1599

Jerry Gisclair, MAI, MRICS

Executive Vice President
US Client Relations & Service
Jerry.Gisclair@colliers.com
+1 813 871 8531

Anjanette "AJ" Hutson, MAI, AI-GRS

Executive Managing Director
Quality Assurance
+1 704 973 7202
aj.hutson@colliers.com

Our Experts

To learn more about our Regional and Market Valuation Experts, please click on or scan the QR code.



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